

UNITED STATES DEPARTMENT OF STATE

OVERSEAS RIGHTSIZING

A QUARTERLY REPORT
BY THE OFFICE OF RIGHTSIZING
THE U.S. GOVERNMENT OVERSEAS
PRESENCE



2005 / I





About the Office of Rightsizing the USG Overseas Presence

The Under Secretary for Management's Office of Rightsizing the USG Overseas Presence (M/R) is a Congressionally mandated office responsible for managing the rightsizing of the US Government abroad. This Department of State office is responsible for reviewing and approving the staffing projections for all capital construction projects abroad. Congress-directed M/R oversees the process by which Chiefs of Mission conduct 5-year reviews on the staffing of their missions. M/R schedules the annual 20% of all U.S. Missions abroad, and reviews and approves the staffing in these missions. M/R also coordinates NSDD 38 requests, all policy issues concerning Chief of Mission authority, inter-agency correspondence regarding Executive Branch agencies overseas presence, and related issues.

M/R Director – Jay N. Anania, 202-647-2177, ananiajn@state.gov

M/R Deputy Director – Patrick R. Hayes, 202-647-0422, hayespr2@state.gov

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Performance Summary & Highlights

by M/R Director Jay N. Anania

The OMB-lead U.S. Government Rightsizing efforts continue to build momentum. M/R has been very active in inserting rightsizing into every aspect and consideration of the U.S. Government's overseas presence. It is clear that State bureaus and embassies are coming to a better understanding of their ongoing obligation to use the rightsizing optic whenever they are considering new programs, changes to programs, new personnel, and adjustments to personnel. Several embassies have refused permission to establish new or additional staff at their missions as a direct result of rightsizing considerations.



1. M/R has worked with State's Office of Resource Program and Plans to include Rightsizing as a mandatory element in all Mission Performance Plans (MPPs) submitted by overseas posts and Bureau Performance Plans (BPPs) prepared by all domestic bureaus. M/R issued specific, detailed instructions for posts to follow when meeting the rightsizing requirement in the MPP. Rightsizing is thus a formal element in the Senior Reviews conducted annually by the Deputy Secretary to determine resource allocations and budget requests. These plans and reviews incorporate all other agencies' programs at embassies, not just State programs.
2. M/R is working with all agencies, and coordinating closely with State Department bureaus and posts, to closely examine incoming NSDD-38 requests, particularly those related to new or expanding programs. The first question asked: "must this function be performed overseas?" In some cases, agencies are modifying their plans to better meet program and rightsizing objectives.
3. The ICASS Interagency Executive Board (IEB) sent an ALDAC instruction to the field "in order to further the goal of cost-saving, [the IEB calls] for the elimination of duplication in the provision of administrative services overseas. In furtherance of reducing duplication, the IEB requests that ICASS Councils work with their Service Provider(s) to identify in the FY 2007 MPP areas of duplication to be eliminated."

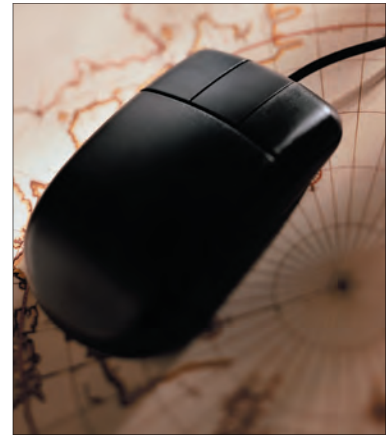
4. The State/USAID Joint Management Council continues with the Shared Services pilots. Phase I, with four posts, is being implemented and will be subjected to an analysis. Phase II, with an additional eight posts considering changes across a broader range of services, was directed by the Secretary of State and is in the final planning stages.
5. As part of the Joint Management Council process, M/R completed a rightsizing review in preparation for the planning for the New Embassy Complex in Haiti. Working with USAID and the State Western Hemisphere Affairs bureau in Washington and post representatives from both agencies, we identified management positions that become excess in Mission Haiti when operations collocate in the new compound. The Mission will produce a comprehensive consolidation of local services plan by June 2005, for implementation concurrent with the occupation of the NEC. This particular review was important in that it demonstrated results, results which suggest similar opportunities with other NEC projects. It also established that NEC reviews require serious analysis and high-level management decisions from concerned agencies to identify and reduce redundancies.
6. Congress approved closing American Presence Posts (APP) Izmir and opening APP Medan. APPs are an important part of the Department's strategy for overseas representation, rightsized representation. APPs are consulates, but they are considerably less expensive and serve only limited, but important, goals in the areas they are established. The closing of Izmir is an example of a mission's ongoing rightsizing review. A consular agency replaced APP Izmir.
7. In planning for the new Consulate General Frankfurt facility (which will be occupied later this year) the Department was able to work out two important and precedent-setting cooperative arrangements with other agencies to promote regional services and efficiency. Previously, Frankfurt had several warehousing operations owned by different agencies. State's Logistics Management (A/LM) office reached an agreement with



“In order to further the goal of cost-saving, [the IEB calls] for the elimination of duplication in the provision of administrative services overseas. ”

another agency that resulted in one unclassified warehouse facility run by the State Department and one classified warehouse facility for all Frankfurt operations. Several agencies will participate in and collocate to the classified operation, and the Regional Diplomatic Courier Service operations will collocate in that facility as well. Likewise, A/LM has proposed a cooperative arrangement whereby A/LM's Regional Procurement Office (a Working Capital Fund operation), will handle all unclassified procurements for participating agencies, with classified procurements handled by a counterpart agency. These agreements are among the hoped-for prospects for increased efficiencies in the new facility.

8. M/R conducted briefings for DHS on Diplomatic Status Overseas for about 20 DHS representatives from the DHS Office of International Affairs and other DHS Bureaus on privileges and immunities, sources of diplomatic status overseas, aspects of the Vienna Convention that affect DHS positions overseas, and some basic principles of diplomatic reciprocity. M/R, HR and L participated in the first briefing and we were able respond to specific questions regarding status overseas, answer general questions, and address several concrete issues DHS has with postings abroad. The briefings were very well received. We anticipate providing similar briefings to other agencies as we continue to expand M/R outreach and would welcome additional opportunities to do so.
9. The implementation of Computer Aided Job Evaluation (CAJE) is largely completed. This process automates the work of world-wide job classification and grading while applying consistent standards globally. The software is held on a DoS state-side server and can be centrally managed. State is now in the process of making CAJE one of the core regionally/globally managed services to be conducted off-shore, removing work from posts.
10. As a result of the rightsizing exercise conducted in FY03, FAA identified 10 positions located in Brussels no longer needed abroad that will be redeployed to the United States.



This process automates the work of world-wide job classification and grading while applying consistent standards globally.

11. M/R concluded Memoranda of Understanding with DHS's bureaus of Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE) regarding management issues associated with working in a U.S. Mission abroad. These MOUs make it easier and simpler for the sending and receiving components to understand and implement the necessary agency relationships. The MOUs deal with; security responsibilities and requirements, a prohibition against duplicative or parallel administrative functions, Capital Security Cost Sharing, and the goal of common information platforms, among other issues. DHS has expressed an interest in working these MOUs, now specific to various DHS component agencies, into one single DHS MOU for all of its overseas functions and relations with State. State and the Office of Personnel Management signed a similar agreement to govern proposed OPM overseas staffing, and is finalizing agreements with Millennium Challenge Corporation and with U.S. Army's Walter Reed Institute of Research.
12. M/R's Rightsizing Review of Embassy Baghdad in cooperation with NEA/EX resulted in 43 desk positions being reduced from the projected staffing. NEA established a firm policy to allow no duplicative services to be delivered in Baghdad. In the initial staffing projections, other agencies had projected extensive parallel administrative management sections and duplicative service activities. The resulting staffing projections also assumed substantial off-shoring of some services.
13. M/R has sent instructions to over 30 posts to conduct rightsizing reviews in connection with planned or in-progress capital construction projects. We will be sending another 23 instructions out at the end of February. In addition, we plan to send instructions to all posts with recently completed projects. Regional bureaus have also been further asked to identify missions that would benefit from a rightsizing exercise.
14. M/R and OMB initiated an interagency request from State's Executive Secretary, for each agency to designate its single Point of Contact for Rightsizing issues, accountability and authority. Such designation should help focus interagency overseas Rightsizing coordination.

The President's Management Agenda Rightsizing Scorecard Summary



CURRENT STATUS (As of December 31, 2004)

U.S. overseas staffing is at right level with skills to achieve policy goals.

- ✓ Management incentives/ accountability systems in place and impact demonstrated Q3 FY2004.
- ✓ Agencies include cost and staffing data in annual budget requests Q2 FY2004

New embassy construction linked to rightsized staffing

- ✓ Interagency guidelines for staffing estimation Q1 FY2004
- ✓ Capital Cost Sharing proposed Q2 FY2004
- Mechanism developed for streamlining/consolidation of support/program services considered factors in projections for new compounds Q2 FY2005

Transparent estimation and accounting of USG overseas costs and staffing in place

- ✓ Framework for full cost accounting in place Q3 FY2004
- ✓ Agencies employ framework Q4 FY2004

Regionalization used as rightsizing tool overseas

- ✓ Creekbed regional rightsizing pilot studies complete Q2 FY2004
- Regionalization and shared-services moves underway Q3 FY2005
- ✓ Out-of-the-Box regionalization study and shared services model completed Q3 FY2004

Review mechanisms to validate ongoing and new embassy



PROGRESS (First Quarter FY 2005)

Actions taken since September 30, 2004

1. Provided summarized overseas staffing BDR data to effected examiners and division directors, highlighting new positions requested for FY 2006, total overseas staffing by RMO and breakout of costs reported to support US direct hires overseas.
2. Reviewed State's Office of Rightsizing's first "Rightsizing Report" for new embassy construction project for Haiti. Submission of a rightsizing report will apply for all new embassy construction projects.
3. State sent out its Mission Performance Plan (MPP) guidance for FY 2007 to all posts, which included a requirement for a discussion of rightsizing efforts. An accompanying MPP rightsizing reference document was drafted by State's Office of Rightsizing. OMB provided comments to be incorporated into the new guidance.
4. FY 2005 Omnibus included bill language requiring formal rightsizing reports not less than every five years for posts overseas.
5. Reviewed Mexico City's Rightsizing Proposal.
6. ICASS (International Cooperative Support Service) program included as a planned FY 2007 PART.

Planned Action for Q2 FY 2005

1. Send out Q1 quarterly highlights from the Office of Rightsizing to interagency partners. (State)
2. Develop shared-services plan for Frankfurt for pilot EUR and AF posts. (State)
3. Convene OMB/State meeting to address implementation of shared-services plan for the Florida Regional Center (FRC). (OMB/State)
4. State to seek approval from ICASS Executive Board for new cost distribution system to apply to Regional Service Centers.
5. Submit report to OMB on the consolidation of facilities in Frankfurt, cross-walking existing administrative and personnel resources to Creekbed (moved from Q1). (State)
6. Rightsizing included in individual performance standards for Senior Foreign Service managers, as part senior Pay for Performance system. (State)
7. Develop standardized template for rightsizing reviews of new embassy construction projects. (State/OMB)
8. Develop standardized template for formal post rightsizing reviews, conducted at least every five years. (State/OMB)
9. Draft list/schedule for rightsizing reviews on new embassy construction projects to be conducted in FY 2005 and FY 2006. (State)
10. Draft list/schedule for formal post rightsizing reviews to be conducted in FY 2005 and FY 2006. (State)
11. Include Rightsizing/Regionalization/shared-services discussion, including actions taken, in Bureau Performance Plans (BPPs) for FY 2007. (State)
12. Submit Office of Rightsizing financial plan for FY 2005. (State)
13. Submit FY 2005 work plan for Rightsizing contractor RGS by January 14. (State)



13 Jan 05

STATE 008514

Enhancing State/USAID collaboration

From the Secretary to Chiefs of Mission, Principal Officers; Also for USAID Directors

REF: A) 04 STATE 141609 B) 04 STATE 138881

To get our management agenda started off right in 2005, I would like to highlight recent decisions, brought forward in the State/USAID Joint Management Council process, to strengthen collaboration between the Department of State and USAID. These policy decisions reflect my explicit directions and will collectively advance the President's initiative to rationalize the USG overseas presence (rightsizing) by enhancing our ability to consolidate management support functions, thereby reducing duplication of effort and staffing.

On December 16, 2004, Deputy Secretary Armitage made three decisions that will shape the future of our agencies' collaboration. These decisions include:

- the approval of the future direction and purpose of the ICASS/Shared Services program (reftels) and the immediate expansion of the program to Phase II;
- the requirement for a single, unified, housing pool and inter-agency housing board for all USG agencies at all overseas posts;
- the creation of a policy that permits consolidating USG overseas personal property (such as residential furniture, office equipment and motor vehicles), including USAID trust fund property, to facilitate efficient management.



The Shared Services program is one example of how using our collective assets can work to the advantage of the USG as a whole as well as to State and USAID individually.

The Shared Services program seeks to eliminate the duplication of services that State and USAID provide at posts. I am confident this effort will trim the total costs to the American taxpayer and result in lower ICASS support costs for all USG agencies operating overseas. In Phase I, four pilot posts are currently consolidating services under the direction of the agency best able to provide them. These pilot posts will help to steer the larger program, developing a roadmap on how best, and to what degree, to implement similar efforts at other posts.

The general principles are reflected in new requirements that all Chiefs of Mission conduct rightsizing reviews on a periodic basis, and in particular when they develop Mission Performance Plans and provide staffing projections and justifications for New Embassy (or Consulate) Compound (NEC) construction projects.

When we created the Joint Management Council, our overarching goals were to reduce costs to the American taxpayer, decrease duplication and increase efficiencies. The Shared Services program is one example of how using our collective assets can work to the advantage of the USG as a whole as well as to State and USAID individually.

Although long overdue, this is a new way of doing business, and some of these changes can and will be difficult. Further information and guidance will be forthcoming from the Office of Management Policy and the Bureau of Administration at State and the Management Bureau at USAID. I ask every employee to do his or her part to identify additional opportunities for streamlining services and to implement the more efficient processes that will result from these efforts.

11 Jan 05

STATE 006226

ICASS Executive Board MPP Guidance

Message from the Secretary of State to all
Diplomatic and Consular Posts

REFTELS: A) 04 STATE 273099, B) 04 STATE 141609

Summary. *The ICASS Interagency Executive Board (IEB), in order to further the goal of cost-saving, endorses Ref B, calling for the elimination of duplication in the provision of administrative services overseas. In furtherance of reducing duplication the IEB requests that ICASS Councils work with their Service Provider(s) to identify in the FY 2007 MPP areas of duplication to be eliminated.*

This is the second in a series of cables outlining overall ICASS Executive Board Goals and Objectives for ICASS. Ref A referred to the IEB Strategic Plan; septels will discuss potential targets for cost-savings opportunities, and metrics.

One of ICASS' goals is to contain the cost of ICASS services. The IEB supports the elimination of duplicative administrative services as one means of driving ICASS costs down. In light of ongoing and anticipated pressure on agency and post budgets, ICASS councils and service providers should carefully review current operations and identify opportunities to contain costs in the 2007 MPP. Posts should describe in the management section of the COM statement, where appropriate, the efforts they have already taken to contain the cost of ICASS as well as describe plans to contain costs more in the future.

Strategies to meet the goal of cost containment include:

- Eliminate duplication where possible. The GAO, in its review of ICASS, recommended that the IEB eliminate duplicative support structures where possible. Ref B asked all posts to look for opportunities to reduce costs through the elimination of duplicate support structures. Post ICASS Councils are encouraged to work with their Service Provider(s) to seek areas in which duplication of services can be eliminated.



Streamline/reengineer
services to take advantage
of efficiencies of scale.

Eliminating duplication in motorpools, warehousing, furniture pools and other areas can both reduce costs and improve services.

- ICASS Councils and Service Providers should identify at least one instance where the post will eliminate duplication by 2007, or identify why such elimination is not applicable. Where applicable, posts should describe how the elimination will be achieved in the narrative portion of the MPP, and list resource requirements for implementation in the resource portion of the MPP.
- Streamline/reengineer services to take advantage of efficiencies of scale. Posts should seek consensus in the ICASS Council to reduce customer demand on services where possible, and adjust service delivery to reduce costs in those areas. Examples of services in which this may be possible include agencies increasing usage of Procurement Cards to do their own micro-purchasing (procurements under \$2,500), utilizing a single form of travel documentation (such as Travel Manager Plus or E-Travel) throughout the Mission, or contracting out peak motorpool services such as shuttles, package delivery, etc., so that ICASS motorpool driver time is used to the maximum effect. Posts are also encouraged to look at Regionalization and Centralization as tools to reduce overall ICASS costs where possible. Other potential tools include reviewing outsourcing as a cost-savings technique, and/or replacing American staff with LES where practical.
- While not a part of the MPP process per se, the IEB is also committed to improving accountability within ICASS, and ensuring adequate training. The ICASS Council should ensure that selected Service Standards are reviewed annually and updated to reflect Post priorities. Representative services should be sampled periodically to ensure that Post's priorities are being met. Similarly, the ICASS Council should review per capita information from the ICASS Service Center and Regional Bureaus, to see where Posts are particularly effective or may need additional attention in order to maximize their effectiveness, and review training needs, utilizing the recently-distributed ICASS orientation video or other appropriate training tools. More information on training can be obtained from William Hoover at the ICASS Service Center at 202-663-3263 or at hooverwfm@state.gov.

MPP instructions transmitted separately ask posts to identify funding priorities for ICASS infrastructure, new positions, and other initiatives. Posts

should designate as non-recurring any one-time costs associated with new positions and other initiatives that are requested in fiscal year 2007.

The ICASS investment needs identified through the MPPs will help agencies to budget for ICASS resources and defend the requests during the annual appropriations process. Because of the direct link between the MPP and ICASS resource requests, posts should ensure that all ICASS needs are reflected in the MPPs. Whenever possible, the justifications for ICASS resource requests should specify which MPP goal(s) will be supported by those resources. Additionally, all agencies should review the MPP narrative and resource tables prior to submission to Washington. Identification of post's total ICASS infrastructure requirements in the fiscal year 2007 MPP has the support of Washington ICASS agency representatives. ICASS Councils are strongly encouraged to meet and discuss ICASS resource needs and priorities as part of the MPP process, either as ICASS Councils or through the Country Team mechanism.

Regional bureaus and ICASS representatives in Washington will consider post's MPP input along with anticipated appropriation levels when establishing post's ICASS budget targets.

Resources required to support ICASS personnel should be consistent with post policy as it pertains to the procurement of office/residential furniture, supplies, equipment and support services for all other personnel.

FY 2004 Department of State Appropriations Legislative and Report

Language Related to the Office of Rightsizing

P.L. 108-199: FY 2004 Department of State Appropriations

DIPLOMATIC AND CONSULAR PROGRAMS

For necessary expenses of the Department of State and the Foreign Service not otherwise provided for, including employment, without regard to civil service and classification laws, of persons on a temporary basis (not to exceed \$700,000 of this appropriation), as authorized by section 801 of the United States Information and Educational Exchange Act of 1948; representation to certain international organizations in which the United States participates pursuant to treaties ratified pursuant to the advice and consent of the Senate or specific Acts of Congress; arms control, nonproliferation and disarmament activities as authorized; acquisition by exchange or purchase of passenger motor vehicles as authorized by law; and for expenses of general administration, \$3,420,000,000: *Provided*, That not to exceed 69 permanent positions and \$7,311,000 shall be expended for the Bureau of Legislative Affairs: *Provided further*, That, of the amount made available under this heading, not to exceed \$4,000,000 may be transferred to, and merged with, funds in the 'Emergencies in the Diplomatic and Consular Service' appropriations account, to be available only for emergency evacuations and terrorism rewards: *Provided further*, That, of the amount made available under this heading, \$301,563,000 shall be available only for public diplomacy international information programs: *Provided further*, **That of the amount made available under this heading, \$3,000,000 shall be available only for the establishment and operations of an Office on Right-Sizing the United States Government Overseas Presence:** *Provided further*, That funds available under this heading may be available for a United States Government interagency task force to examine, coordinate and oversee United States participation in the United Nations headquarters renovation project: *Provided further*, That no funds may be obligated or expended for processing licenses for the export of satellites of United States origin (including commercial satellites and satellite components) to the People's Republic of China unless, at least 15 days in advance, the Committees on Appropriations of the House of Representatives and the Senate are notified of such proposed action.

In addition, not to exceed \$1,371,000 shall be derived from fees collected from other executive agencies for lease or use of facilities located at the International Center in accordance with section 4 of the International Center Act; in addition, as authorized by section 5 of such Act, \$490,000, to be derived from the reserve authorized by that section, to be used for the purposes set out in that section; in addition, as authorized by section 810 of the United States Information and Educational Exchange Act, not to exceed \$6,000,000, to remain available until expended, may be credited to this appropriation from fees or other payments received from English teaching, library, motion pictures, and publication programs and from fees from educational advising and counseling and exchange visitor programs; and, in addition, not to exceed \$15,000, which shall be derived from reimbursements, surcharges, and fees for use of Blair House facilities.

In addition, for the costs of worldwide security upgrades, \$646,701,000, to remain available until expended: *Provided*, That, of the amounts made available under this paragraph, \$5,000,000 is for the State Department to establish the Center for Antiterrorism and Security Training.

In addition, for the costs of worldwide OpenNet and classified connectivity infrastructure, \$40,000,000, to remain available until expended.

Conference Report Language (House Report 108-401): FY 2004 Department of State Appropriations

DIPLOMATIC AND CONSULAR PROGRAMS

The conference agreement includes \$4,106,701,000 for the Diplomatic and Consular Programs account, instead of \$4,099,961,000 as proposed by the House and \$3,874,778,000 as proposed by the Senate. The conference agreement includes \$646,701,000 to continue funding for worldwide security upgrades, \$301,563,000 for public diplomacy programs, and \$40,000,000 for worldwide OpenNet and classified connectivity infrastructure. The conference agreement represents an increase of \$210,868,000 above the fiscal year 2003 appropriation.

The conference agreement includes a program increase of \$72,572,000 to support the hiring and training of new foreign service and civil service employees, including foreign service positions dedicated to visa adjudication as described in both the House and Senate reports. The conferees are concerned that not all of the new full-time equivalents hired by the Department under the Diplomatic Readiness Initiative (DRI) are available for worldwide deployment. One of the primary objectives of the DRI was to allow the Department to address staffing shortages at U.S. diplomatic posts overseas. The Department shall submit a report to the Committees, no later than February 1, 2004, on the number of personnel hired under DRI that are not available for worldwide deployment and on the Department's plan for ensuring that personnel yet to be hired under DRI are available for worldwide deployment. To the greatest extent possible Foreign Service Officers hired during the third and final year of DRI should be available for worldwide deployment.

The conferees urge the Department to move forward expeditiously with its right-sizing plan. Right-sizing refers to the reconfiguration of overseas U.S. Government personnel to the number necessary to achieve U.S. foreign policy goals. The conferees recognize that, as the property manager for all U.S. Government properties overseas, the Department of State faces considerable pressure to accommodate ever-greater numbers of non-State Department personnel in its overseas facilities.

For any right-sizing framework to be effective, it must have two main components: (1) a process for determining, internally, the appropriate numbers of State Department personnel stationed overseas, and (2) an interagency process for determining the appropriate numbers of non-military U.S. government personnel stationed overseas. To this end, the conference agreement includes up to \$2,000,000 for the Department to establish and operate an Office on Right-Sizing the United States Overseas Presence,

and adopts, by reference, the language on this matter in the House report. The conferees expect this new Office, which shall report directly to the Undersecretary for Management, to lead the Department's effort to develop internal and interagency mechanisms to better coordinate, rationalize, and manage the deployment of U.S. government personnel overseas.

The conferees commend the Department for its recent steps to strengthen internal processes for determining staffing projections for overseas personnel needs. However, more needs to be done. The conferees are not aware of any right-sizing analysis in the past three years that has resulted in a proposed reduction to a country-wide staffing presence. The conferees are supportive of the concept of regionalization. Regionalization refers to the practice of basing certain administrative functions and personnel in regional centers, or 'hubs', thereby creating efficiencies. The conferees note that the Department has made less than notable progress towards developing an interagency right-sizing process. The conferees urge the Department, with the Office of Management and Budget, to take the lead in establishing an interagency process for developing staffing projections for U.S. government facilities overseas. The conferees support the Department's cost-sharing plan which will encourage other Federal agencies to examine more closely whether the personnel they send overseas are truly mission-critical. The conferees remind the Department that this interagency process should not supersede the authority of the Chiefs of Mission (COM) to determine the composition of their posts, but rather to serve as a tool and support mechanism for the COM's. The post must remain at the center of the right-sizing process.

The conference agreement includes the requirements stipulated in the House report regarding a report on the impact of new staffing analysis requirements in the Mission Performance Planning process, and the direction to undertake a review and report on the size of the largest overseas missions using the mission performance plan and the right-sizing criteria developed by the General Accounting Office.

House Appropriations Committee Report Language (House Report 108-221): FY 2004 Department of State Appropriations

Right-Sizing the U.S. Government Presence Overseas- The Committee continues to define right-sizing as the reconfiguration of overseas U.S. Government staff to the number necessary to achieve U.S. foreign policy goals. The Committee is convinced, and agrees with the recommendation of the Overseas Presence Advisory Panel, that rationalizing staffing and operations abroad has the potential for significant budgetary savings. It costs two to three times as much to maintain an employee outside of the United States as it does within the United States. The notion of right-sizing as a desirable means to improve security and gain efficiencies implies that the current number of overseas staff in some locations is greater than the minimum number necessary, and that the presence of a number greater than the minimum number presents an unnecessary and unacceptable financial and security burden. The Committee is not aware of any right-sizing analysis in the past three years that has resulted in a proposed reduction to a country-wide staffing presence.

The recommendation identifies \$3,000,000 from within base resources to establish and operate an Office on Right-Sizing the United States Government Overseas Presence. The Committee expects this new Office, reporting directly to the Undersecretary for Management, to lead the effort to develop internal and interagency mechanisms to better coordinate, rationalize and manage the overall deployment of U.S. Government personnel overseas. The Committee believes that the creation of this Office will facilitate the Department's ability to establish and enforce a uniform right-sizing methodology to link overseas staffing levels to physical security considerations, mission priorities, and costs. The Committee also expects that this Office will hold the responsibility and accountability for ensuring that right-sizing standards are applied systematically to final planning estimates for staffing of new mission facilities.

The Committee understands that the Department has changed its annual Mission Performance Plan and Bureau Performance Plan process to require that staffing be related to performance goals and that the chief of mission must confirm that each mission is right-sized. The Department shall report to the Committee by November 1, 2003, as to what actual impact those new requirements have had on the operations, size and performance of the missions and bureaus. In addition, the Department is directed to undertake a review of the size of the 20 largest overseas missions including all staff, contractors, foreign service nationals, temporary duty officers, and other temporary staff, using the mission plan and the right-sizing criteria developed by the General Accounting Office, and report to the Committee by February 1, 2004, as to whether those missions are right-sized.

The Committee strongly supports the Department's effort to initiate a consolidation, streamlining and regionalization of country and multi-regional staffing in Frankfurt, Germany. The success of this initiative will be measured largely by the streamlining reductions made possible at less secure locations throughout Germany, Europe, Eurasia, Africa and the Near East.

FY 2005 Department of State Appropriations Legislative and Report

Language Related to the Office of Rightsizing

P.L. 108-447: FY 2005 Department of State Appropriations

DIPLOMATIC AND CONSULAR PROGRAMS

For necessary expenses of the Department of State and the Foreign Service not otherwise provided for, including employment, without regard to civil service and classification laws, of persons on a temporary basis (not to exceed \$700,000 of this appropriation), as authorized by section 801 of the United States Information and Educational Exchange Act of 1948; representation to certain international organizations in which the United States participates pursuant to treaties ratified pursuant to the advice and consent of the Senate or specific Acts of Congress; arms control, nonproliferation and disarmament activities as authorized; acquisition by exchange or purchase of passenger motor vehicles as authorized by law; and for expenses of general administration, \$3,570,000,000: *Provided*, That not to exceed 71 permanent positions shall be for the Bureau of Legislative Affairs: *Provided further*, That none of the funds made available under this heading may be used to transfer any full-time equivalent employees into or out of the Bureau of Legislative Affairs: *Provided further*, That, of the amount made available under this heading, not to exceed \$4,000,000 may be transferred to, and merged with, funds in the 'Emergencies in the Diplomatic and Consular Service' appropriations account, to be available only for emergency evacuations and terrorism rewards: *Provided further*, That, of the amount made available under this heading, \$319,994,000 shall be available only for public diplomacy international information programs: *Provided further*, **That of the amount made available under this heading, \$3,000,000 shall be available only for the operations of the Office on Right-Sizing the United States Government Overseas Presence:** *Provided further*, That funds available under this heading may be available for a United States Government interagency task force to examine, coordinate and oversee United States participation in the United Nations headquarters renovation project: *Provided further*, That no funds may be obligated or expended for processing licenses for the export of satellites of United States origin (including commercial satellites and satellite components) to the People's Republic of China unless, at least 15 days in advance, the Committees on Appropriations of the House of Representatives and the Senate are notified of such proposed action: *Provided further*, That of the amount made available under this heading, \$185,128,000 is for Near Eastern Affairs, \$80,234,000 is for South Asian Affairs, and \$251,706,000 is for African Affairs: *Provided further*, That, of the amount made available under this heading, \$2,000,000 shall be available for a grant to conduct an international conference on the human rights situation in North Korea: *Provided further*, That of the amount made available under this heading, \$200,000 is for a grant to the Center for the Study of the Presidency and \$1,900,000 is for a grant to Shared Hope International to combat international sex tourism: *Provided further*, That the Intellectual Property Division shall be elevated to office-level status and shall be renamed the Office of International Intellectual Property Enforcement within 60 days of enactment of this Act.

GENERAL PROVISIONS--DEPARTMENT OF STATE AND RELATED AGENCY

SEC. 409. (a) The Secretary of State shall require each chief of mission to review, not less than once every 5 years, every staff element under chief of mission authority, including staff from other departments or agencies of the United States, and recommend approval or disapproval of each staff element. Each such review shall be conducted pursuant to a process established by the President for determining appropriate staffing at diplomatic missions and overseas constituent posts (commonly referred to as the 'NSDD-38 process').

(b) The Secretary of State, as part of the process established by the President referred to in subsection (a), shall take actions to carry out the recommendations made in each such review.

(c) Not later than one year after the date of enactment of this Act, and annually thereafter, the Secretary of State shall submit a report on such reviews that occurred during the previous 12 months, together with the Secretary's recommendations regarding such reviews to the appropriate committees of Congress, the heads of all affected departments or agencies, and the Inspector General of the Department of State.

Conference Report Language (House Report 108-792): FY 2005 Department of State Appropriations

Right-sizing.~The conferees urge the Department to move forward expeditiously with its right-sizing plan. Right-sizing refers to the reconfiguration of overseas U.S. Government personnel to the number necessary to achieve U.S. foreign policy goals. The conferees recognize that, as the property manager for all U.S. Government properties overseas, the Department of State faces considerable pressure to accommodate ever-greater numbers of non-State Department personnel in its overseas facilities. Given the increasing security vulnerabilities of U.S. Government personnel and facilities, the conferees strongly urge the Department to use the most stringent criteria for determining overseas staffing levels. In addition, the conferees expect the staffing decision-making mechanism used for the U.S. mission in Iraq to be the model for future right-sizing efforts.

For any right-sizing framework to be effective, it must have two main components: (1) a process for determining, internally, the appropriate number of State Department personnel stationed overseas, and (2) an interagency process for determining the appropriate number of non-military U.S. government personnel stationed overseas. To this end, the conference agreement designates \$3,000,000 for the Department to continue the operations of the Office on Right-Sizing the United States Overseas Presence. The conferees expect that this Office, which shall continue to report directly to the Undersecretary for Management, will lead the Department's effort to develop internal and interagency mechanisms to better coordinate, rationalize, and manage the deployment of U.S. government personnel overseas. The conferees expect the Office of Right-Sizing to report to the Committees on Appropriations each year on June 1 regarding the trends in overseas staffing, and support for Chiefs of Mission (COM) and to undertake a review of certain posts, as described in the Senate report.

As part of the overall right-sizing function, the conferees encourage the Department to review the International Cooperative Administrative Support Services (ICASS) system to ensure that the system contributes to right-sizing efforts.

The conferees commend the Department for its recent steps to strengthen internal processes for determining staffing projections for overseas personnel needs. However, more needs to be done. The conferees are not aware of any right-sizing analysis in the past several years that has resulted in a proposed reduction to a country-wide staffing presence. The conferees are supportive of the concept of regionalization. Regionalization refers to the practice of basing certain administrative functions and personnel in regional centers, or 'hubs', thereby creating efficiencies. The conferees note that the Department continues to make less than notable progress towards developing an interagency right-sizing process, but anticipates that the capital security cost sharing plan will create new right-sizing incentives to facilitate meeting the conferees' expectations. Language is included establishing and outlining the requirements of the Department's capital cost sharing plan to encourage other Federal agencies to examine more closely whether the personnel they send overseas are truly mission-critical. The conferees remind the Department that this interagency process should not supercede the authority of COMs to determine the composition of their posts, but rather, to serve as a tool and support mechanism. The post must remain at the center of the right-sizing process.